



Mayor Paul TenHaken

CITY OF SIOUX FALLS

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June 28, 2019

Subject: 2020–2024 Capital Program — A Focus on Infrastructure

Dear City Council:

Today, I submit to you the Capital Program (CIP) for 2020–2024 for your consideration. On Monday, August 5, 2019, at 3 p.m., I will present the entire budget for Fiscal Year 2020, including the highlights of this five-year CIP. In the meantime, you will have time to review the CIP and the remainder of the budget, which I will submit to you by August 1, 2019.

The total proposed CIP is \$776.5 million—an increase of \$28.1 million. Of this total, \$171.7 million would be appropriated in 2020. The largest revenue source for the CIP is sales and use tax (i.e., second penny), which is projected to have \$284 million available to invest in capital assets after debt service for 2020–2024. This program reflects an anticipated sales and use tax growth rate of 4 percent in 2020 and 5 percent in subsequent years. As in past years, the City will adjust these figures in future years as needed, based on economic changes.

The biggest change for this program is a significant addition of dollars toward highways and streets. I am proposing that 80 percent of the available sales and use tax be dedicated to repairing and reconstructing our highways and streets—the highest proportion in the past decade. The result is an additional \$30 million during the next five years for highway and street investments. I am also proposing to front-load this allocation by dedicating 83 percent of the available sales and use tax after debt obligations to highways and streets in 2020, up from 75 percent in 2019.

To put this \$30 million into perspective, \$1 million toward roadway projects allows the City to address: (1) 10 blocks of asphalt full reconstruction with base stabilization on streets rated very poor, (2) 28.5 blocks of thick overlay or full depth replacement on poorly rated roads, (3) 50 blocks of thin overlay for good pavement conditions, or (4) 333 blocks of residential streets rated very good but in need of new surface as maintenance.

Highway and street projects are expensive endeavors, but valued at \$1 billion, our street system is the largest, highest-valued, and most critical asset of our city. We have a responsibility to move the needle with additional dollars. Our residents expect better roads, and I am prepared to make the tough decisions to address what I believe to be the number one driver of resident satisfaction. It is time to catch up on much-needed repairs, and I hope you will support this direction with the budget.

You will also find new projects slated for 2020. With the additional highway and street funding, critical and timely improvements include rehabilitation of 57th Street from Minnesota Avenue to Western Avenue, expansion and signals at the intersection of Minnesota Avenue and Ralph Rogers Road, and reconstruction and expansion of Marion Road north of Madison Street to provide a modern urban roadway to serve the Sioux Falls School District's new Jefferson High School.

Other key projects include major street reconstruction of Minnesota Avenue from Russell Street to 18th Street, 41st Street from Marion Road to Minnesota Avenue, and Rice Street from Cliff Avenue to Cleveland Avenue. Arterial street expansion includes 85th Street from Hughes to Tallgrass Avenue. Arterial intersection improvements include 41st Street and Shirley Avenue and 41st and Minnesota Avenue. Downtown reconstruction includes Fourth Street from Minnesota Avenue to Main Avenue and Dakota Avenue and Main Avenue Road Diet.

There is also a large allocation for enterprise fund projects for Water Purification, Water Reclamation, Landfill, and Light and Power. These areas will need \$346.8 million in Enterprise Funds for 2020-2024. A large portion of this, as you can expect, is for the water reclamation system and plant expansion. There will also be \$62.6 million invested in storm drainage projects to improve storm water conveyance from our neighborhoods to natural waterways. These are foundational investments we need to keep up with the pace of Sioux Falls' growth.

As a result of shifting additional dollars toward more roadway needs, my administration had to heavily scrutinize other areas of the capital program and make difficult decisions. As a result, there will be fewer dollars toward some park projects. Certain projects have been scaled down, and some policies have changed. In future years as the economy grows and we catch up on road construction needs, we can restore some or all of these dollars to the Parks and Recreation section of the CIP.

Scaling back projects and deferring some will require the City to leverage gifts and investments from the private sector into the quality life assets of Sioux Falls, especially when it comes to large expenses and new ventures. I am thrilled with the resident groups that are coming forward with their own funding and vision to build a new skate park and extend mountain bike trails in our park system. At Harmodon Park, the past CIPs had programmed a 2023 investment in new turf at the baseball complex. Believing the need was more immediate, philanthropists and baseball families are working to raise the dollars needed to turf three fields in the coming months. We also recently shared the exciting news of a downtown dog park, thanks to the generosity of Joe and Jennifer Kirby. Understanding the City is often in a position to offer its parklands and technical support, but not necessarily City financial resources, the people of Sioux Falls are ready to stand up to invest in quality of life.

In recent days I have met with the leadership of the Arboretum, Great Bear, and the Great Plains Zoo to voice my support of their facilities and organizations, explain the City's need to invest more of its financial resources into roadway projects, and discuss leveraging private donations toward valuable projects at their sites. Great Bear, for instance, needs a new chair lift. While rated safe and functional, the current lift is older and it can be difficult and expensive to find replacement parts when needed. For 2020, I have dedicated \$877,000 toward this \$1.6 million need and have asked the Great Bear leadership to generate private dollars for the remainder of this project. As a beloved winter venue for our area, I am confident Sioux Falls' philanthropic heart will step up for this need.

The Great Plains Zoo regularly requests money from the City for new exhibits at the facility, such as the \$8 million lion exhibit they are currently raising dollars to construct. In the past, the City has invested in new exhibits such as the Asian cats, snow monkey and rare rhinos of Africa exhibits. However, in the past years, the City's sales tax growth was far stronger and our operational support was not as intense. Plus, as is often the case, finding the dollars to construct a project is the easiest part; the additional dollars for repair and maintenance and eventual rehabilitation in the subsequent years is the difficult part. As you can see on the attached analysis of City funds toward the operations and capital of the zoo and ski valley from 2015 to 2020, the City has invested heavily in both locations. The zoo, in particular, is a heavy lift each year with our responsibility of maintaining facilities. Therefore, as exciting as it is for the zoo to add new exhibits, my administration will focus on maintaining existing exhibits and maximizing previous investments.

Lastly, you will notice the removal of Fire Station 12, which was previously programmed in the 2019–2023 CIP. This fire station will be included in the Public Safety Bond presented to the Council in the coming months. That bond will also include funding for the City's proposed Public Safety Training Center. If this bond is approved, these projects will move into the CIP.

I look forward to discussing the priorities of Sioux Falls contained in this proposal in the coming weeks and working together to make wise investments that make Sioux Falls a better community in the near term and prepare us for future success as well.

Best regards,



Paul TenHaken
Mayor

Enclosure:

- [2020-2024 Capital Program Book](#)
- [Great Plains Zoo Budget History](#)
- [Great Bear Ski Valley Budget History](#)